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# State of Utah Department of Commerce

## Division of Securities

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### NEWS RELEASE

September 22, 2006

#### **California Felon Ordered to Halt International Securities Scam**

***Utah victim lost \$45,000 with false promises of doubling his money ...***

**SALT LAKE CITY, Utah** – The Utah Division of Securities today ordered Thomas Mitchell Johnson, of Los Angeles to cease selling stock he did not own in a British company. The Order found that Johnson misrepresented information to a Utah investor and omitted to disclose important information. Johnson was ordered to pay a \$50,000 fine. The Order was entered by default after Johnson failed to file an answer or appear at the hearing held at the Division of Securities.

According to the Division's Order, Johnson claimed to be the CEO of a private investment banking firm called Zurich Capital Holdings, Inc., of Beverly Hills. In April 2005, Johnson solicited a Utah investor to purchase stock in a company called Telsecure Europe. Johnson said Telsecure develops technology used to authenticate credit card purchases over the Internet and telephone. Johnson claimed to have the rights to sell Telsecure stock in the United States. In reality, Johnson had no stock in Telsecure to sell and was not authorized by the company to sell its stock.

Johnson promised the investor that the investment would double in value within two to four months, saying this investor would own 1% of the company. He said the investment was secure and the investor could get his money back at any time. Johnson said the company was due to receive significant outside funding within a few months.

The investor's funds were deposited at the instruction of Johnson into the account of a company called Dansco. Those funds were then paid to Johnson from the account. Johnson failed to tell the investor that he had two prior criminal convictions for grand theft, one in 1986 and another in 1994. He did not disclose that he owned no stock in Telsecure and had no rights to market its stock.

Today's Order concludes proceedings initiated by the Division on June 26, 2006.

Separately, the Utah Attorney General's Financial Crimes unit filed three felony criminal charges in July 2006, accusing Johnson of securities fraud and stealing additional funds from the victim by forging a check. The criminal case is still pending.

Investors are urged to contact the Division to make sure anyone offering investments is licensed. 801.530.6600, or toll free at 1.800.721.7233. [www.securities.utah.gov](http://www.securities.utah.gov).